

# Bulletin

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS ■ SUMMER 2001

## New Workshop Service Launched

### Group Appointment Workshops Meet Member Needs

**T**he recent CalSTRS benefit enhancements have sparked higher interest in retirement benefit counseling. In response, CalSTRS is conducting Group Appointment Workshops, aimed at members who are not planning to retire this year, but may retire a year or more in the future.

The Group Appointment Workshops provide information on CalSTRS programs and recent benefit enhancements, training on how to estimate retirement benefits and intense hands-on experience in using CalSTRS Web site resources, including the on-line benefit calculator. The primary focus is to help members become self-sufficient in calculating their benefits. About 20 to 25 persons can be accommodated in this "computer lab" workshop.

### Some Workshops Already Scheduled

This fall, Group Appointment Workshops are scheduled in San Diego (Sept. 5,15,19; Oct. 13,17,20; Nov. 15,17) and Sacramento (Oct. 9,10,30)

counties. Members in those areas can get more information by calling the regional counseling offices: San Diego (858) 292-3565, Sacramento (916) 971-7918.

Starting this winter, Group Appointment Workshops will be held throughout the state, arranged by each regional counseling office. The Fall *Bulletin* will provide more details on these later workshops.

### New Program Complements Existing Ones

The Group Appointment workshops complements two other member choices:

- one-on-one sessions with a CalSTRS regional counselor, which are aimed at members who will be retiring within the year
- pre-retirement workshops that are generally scheduled on-site at the end of

the school day by each regional counselor and provide a more general explanation of CalSTRS programs and benefits. These benefits overview workshops are aimed at members who are several years away from retirement.





# CEO Notes

By James D. Mosman, Chief Executive Officer

California's educators are fortunate to have many supporters whose efforts have improved the retirement system through the years. Now's a good time to say a well-deserved thank you to several CalSTRS friends.

## Vital Congressional Support

A strong advocate for benefit improvements has been Representative Bill Thomas, R-Bakersfield, who was elected to the chairmanship of the powerful House Ways and Means Committee earlier this year. Rep. Thomas has long worked for the benefit of California's teachers and led the decade-long fight in Congress to secure compensation to CalSTRS for the state school lands portion of the sale of the Elk Hills Naval Petroleum Reserve. In 1996, his efforts culminated in an agreement with the federal government, producing an expected \$320 million in total compensation to California and CalSTRS from the sale of the Elk Hills Reserve. In addition, he has led efforts each year to ensure

the funds due to CalSTRS from the sale are included in the federal budget. These funds are used by CalSTRS to maintain protection of retirement benefits against inflation.

In his role as chairman of the House Ways and Means Health Subcommittee, Rep. Thomas also spearheaded the successful legislative effort to provide relief from Medicare premium surcharges for the new CalSTRS Medicare Part A premium assistance program. The federal provision will help lower the state's cost for this new Medicare Part A premium assistance program, providing additional resources that could help extend the program in the future to an additional 18,000 older active CalSTRS members who will retire soon.

Also, I'm grateful for the assistance of Rep. Pete Stark, D-Fremont, the ranking Democrat on the House Ways and Means Health subcommittee, who worked with Chairman Thomas on the bipartisan Medicare premium assistance proposal for California's teachers. In addition, much appreciated is the leadership of Senator Dianne

Feinstein, D-California, in spearheading the Senate efforts to enact the necessary appropriation for payment of the Elk Hills compensation.

On behalf of CalSTRS, I want to extend my thanks and appreciation to these tireless supporters of public education.

## Board Members Depart

In February I said hello to four new Teachers' Retirement Board members and goodbye to three. (You can read about the new members on page 3.) The former members may be relishing their new-found spare time, but they will be missed.



San Diego math teacher **Emma Zink** joined the board in 1991, was elected chair in 1993 and re-elected

chair each term since then. As a classroom teacher, Emma personally understood the importance of education and the need to attract and retain skilled teachers. Her

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# Governor Appoints Five Board Members

## Four Are New, One is Reappointed

February saw big changes in the makeup of the Teachers' Retirement Board with the appointment by Governor Gray Davis of four new members and the reappointment of a continuing member, leaving only one vacant seat on the 12-member board. The Governor appointed Paul G. Krasnow, Karen Russell, Jay Schenirer and Carolyn A. Widener as new members and reappointed Marty Mathiesen for another term.



**PAUL G. KRASNOW**, of Los Angeles, is a financial representative for Northwestern Mutual Financial Network and is a board member and co-chairman for the Agents' Compensation Committee and past President of the Northwestern Mutual Special Agents. He is a former speaker for the California CPA Society Continuing Education Program. Mr. Krasnow is the insurance representative on the board. He earned a bachelor of arts degree from California State University, Los Angeles.

**KAREN RUSSELL** is from Seal Beach and has been a teacher for the Westminster School District and a member of the California Teachers Association since 1964. She is a teacher representative on the board. Ms. Russell



earned a bachelor of arts degree from CSU, Long Beach. Ms. Russell is chair of the board's Benefits and Services Committee.



**JAY SCHENIRER**, of Sacramento, has been the deputy director for the Foundation Consortium since 2000. He has been a member of the Sacramento City Unified School District Board since 1996 where he served as board president from 1996 to 1999. Mr. Schenirer was a consultant with the Senate Office of Research in the California Legislature from 1997 to 1998. He earned a

bachelor of arts degree from the University of California, San Diego, and a master of public affairs degree from the Lyndon Johnson School of Public Affairs at the University of Texas, Austin.

He is the school board member on the board.



**CAROLYN A. WIDENER**, the community college representative, is from Venice and has been an English professor and language arts chair for the West Los Angeles College since 1997. Since 1996, she has been on the Joint Labor Management Benefits Committee. Ms. Widener is a member of the CalSTRS Health Benefits Task Force representing the California Federation of Teachers. She earned a bachelor of arts degree from the University of California, Los Angeles, and a masters degree from the University of Southern California.



**MARTY MATHIESEN** is from Los Altos and has served on the board since 1996. He is a retired teacher with 40 years experience in education. He represents CalSTRS retired members.



# Volatility in the Markets – What Does it Mean to Your Retirement?

by Christopher J. Ailman, Chief Investment Officer

**F**irst and foremost, the value of your retirement benefit is NOT affected by movements in stock prices, nor is the amount of the retirement checks for retired members. As a defined benefit program, your retirement benefit is defined by a formula of your years of service, age at retirement and compensation. So while your personal investments may move up and down, your CalSTRS benefit remains secure.

In addition, CalSTRS is financially sound. It is in the best financial condition of the past 20 years.

You may not realize it, but CalSTRS is the third largest pension plan in the United States and fifth largest in the world. CalSTRS is larger than General Electric, General Motors, or even Sony's pension plan. As such, CalSTRS has been and will continue to be a long-term investor in the world's financial markets.

As a large, long-term investor, we have fractional ownership of some of the best companies in America and the world. The values of these companies change slowly over time. Despite the vagaries of Wall Street, the true intrinsic value

of General Electric doesn't change minute by minute. So while Wall Street ebbs and flows with a range of emotions, long-term investors keep an even keel.

At \$100 plus billion, the CalSTRS investment portfolio is like a large ocean liner; we set a long-term course and then make small course corrections as we go. We cannot afford to grab the wheel and make sharp corrections.

First, it kicks up a large wake in the form of transaction costs.

Secondly, and most important, history has shown that market timing (trying to guess the direction of the market) does not succeed over long periods. The key for a fund this size is to plot the most efficient and safest course, then hold the mark and keep our eye on the horizon.

You may find it interesting to note that if you invested in the S&P 500 from 1901 to 1990 and tried to time the market, but missed the 45 best months, all your return would be lost. From the best and brightest analysts on Wall Street to Nobel Prize-winning economists, fortunes have been amassed and lost with the follies of market timing.

While 2000 and the first part of 2001 were disappointing for investors in the U.S and international stock markets, it should not have been unexpected. Since 1926, the U.S. stock market has generally, on average, had one negative year every four to five years. The last negative year for the S&P 500 (with dividends) was 1990. So based on history, you can say we were overdue for a poor year.

The CalSTRS investment portfolio is very broad and diverse to help withstand down years in the

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**VALUATION SHOWS FUNDING STATUS:** Despite the downturn in the stock market, CalSTRS is still able to meet the obligations of the current benefit program, according to the last actuarial valuation. Actuarial consultant Milliman and Robertson presented its findings to the Teachers' Retirement Board recently. The study found CalSTRS had 104 percent of the funds needed to cover the benefits as of January 1, 2001. Milliman and Robertson also looked at the impact of the recent stock market decline. It found "no cause for concern" regarding CalSTRS' ability to continue to pay benefits.

stock markets. In addition, the funding structure is based on an average over three years; so individual year returns are smoothed out. Even with a lower stock market in 2000, CalSTRS' three-year return ending December 31, 2000 was a double digit 11.5 percent.

Lastly, I would like to thank the board for the tremendous opportunity to work with them to manage this investment portfolio. As Emma Zink, our former board chair noted in the last *Bulletin*, I am an alumni of the California K-12 education system, in fact an alumni of the L.A. Unified School District.

As I look back, my life was profoundly affected by a 4<sup>th</sup> grade teacher named Mrs. Bret; a history teacher named Mr. Aisenstadt; and a high school swim coach named Bernie Sherman, who believed in me long before I believed in myself. Finally thanks to a special education teacher in Yolo County named Susan Garcia, my sister, who has been involved in every stage of my life.

I am honored to serve the teachers of California. You are shaping the future of our state and world. Who knows, you just might have someone in your class that will be managing your retirement fund 20 or 30 years from now.

## For Now, Try Other Ways to Reach CalSTRS

**"We're sorry, all our lines are busy"** is not a welcome message. Unfortunately, that's what many members have been hearing when they've called CalSTRS.

Why? Despite advance planning, training due to conversion to a new database system has taken more Public Service Office staff away longer than expected. Compounding the staff shortage have been more calls than anticipated about new benefits effective last January. This situation has created a bottleneck in the ability of the toll-free telephone system to handle incoming calls.

Fortunately, you can avoid busy messages by writing to CalSTRS or by using the CalSTRS web site, [www.calstrs.ca.gov](http://www.calstrs.ca.gov). You can e-mail your inquiry to CalSTRS using Info Now under the Contact CalSTRS section. In addition, the web site has forms, publications and a wealth of information, as you can see on the site map on page 8.

If you do not have Internet access, try calling the Public Service Office outside of regular office hours to use the many functions of the automated system. You can listen to recorded informational messages on Teletalk at option two of the main menu.

At the main menu's option three, you can order forms and brochures and get duplicates of your statement of account. Also at option three, you can hear recorded information and the schedule for the Financial Education Program workshops as well as leave a message registering for one of the workshops.

The current and TEMPORARY decline in CalSTRS' ability to provide excellent service is of great concern to everyone at CalSTRS. Providing top-quality service to the members is a major priority of the employees and Teachers' Retirement Board. The goal is that by this fall when you call CalSTRS you will once again find the high level of service and quick response you have come to expect from your retirement system. In the meantime, we apologize for the inconvenience you may have experienced and appreciate your understanding.





## FINANCIAL PLAN: Your Key to a Secure Future

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### *Do you have a financial plan to guide you through your career and into retirement?*

If not, you will want to attend a CalSTRS Financial Education Program workshop. There you will learn how to set financial goals and assess your retirement benefits to achieve financial security. These workshops are particularly meaningful to educators ten or more years from retirement. Each workshop covers:

- *CalSTRS programs and benefits*—an experienced CalSTRS retirement counselor will explain your benefits
- *Social Security and CalSTRS*—a brief video explains the Social Security provisions affecting members and spouses
- *Developing a personal financial plan*—Cash management basics, risk management, investments, retirement, taxes and estate planning are all explained by a local financial advisor in a non-sales environment
- CalSTRS Voluntary Investment Program, a tax-deferred 403 (b) savings program

Workshops are held on Saturday mornings from 8:15 a.m. to 12:30 p.m. Cost for the workshop, materials and refreshments is \$20 for members and \$30 for a member and one guest.

### **Two Ways to Register**

If you are interested in attending a workshop, please register by telephone at 1-888-394-2060. Call any time to leave a voice message or call Monday through Friday 8:00 a.m. to 5:00 p.m. to talk with a representative.

You can also register online at the CalSTRS Web site. Log on at [www.calstrs.ca.gov](http://www.calstrs.ca.gov), scroll down and click on Financial Education Workshop.

### **Fall 2001 FEP Workshop Schedule**

#### **October 13, 2001**

Orange COE  
Board Room  
200 Kalmus Dr  
Costa Mesa

#### **October 13, 2001**

Riverside COE  
Conference Room  
3958 12<sup>th</sup> Street  
Riverside

#### **November 3, 2001**

Los Angeles COE  
Board Room  
9300 Imperial Highway  
Downey

#### **November 3, 2001**

Santa Cruz COE  
809-H Bay Ave  
Santa Cruz

#### **November 10, 2001**

Sonoma COE  
5340 Skylane Blvd  
Santa Rosa

#### **December 1, 2001**

Santa Clara COE  
1290 Ridder Park Dr  
San Jose

The Fall *Bulletin* will list the winter and spring 2002 workshops.



# Home Loan Program and Freddie Mac Make Historic Pact

“Groundbreaking” is how Freddie Mac described CalSTRS Home Loan Program’s Zero-Down Preferred mortgage option at its news conference held in Washington, D.C. this spring.

The media event was held in part because CalSTRS and Freddie Mac have reached agreement making CalSTRS the first state pension fund to achieve Freddie Mac Seller/Servicer status. This will enable CalSTRS to sell mortgages to Freddie Mac more easily. The proceeds of the sale will add value to the Teachers’ Retirement Fund.

The California Department of Education estimates the state must recruit an estimated 300,000 teachers over the next ten years. However, teacher salaries in California average \$46,129, while average home prices in California range from more than \$120,000 in San Bernardino County to more than \$350,000 in San Jose.

The Zero-Down Preferred option is the most popular of the Home Loan Program’s mortgage possibilities. More than 1,400 educators have used this option with loans topping \$140 million in less than a year.

The CalSTRS zero-down option is made possible through a partnership between CalSTRS and the California Housing Loan

Insurance Fund. The option combines a first mortgage with a 95 percent loan-to-value ratio from a credit union or commercial lender with a 5 percent silent second mortgage. Freddie Mac purchases the first mortgages in an effort to help more California teachers overcome that state’s high housing costs and become homeowners.

“CalSTRS is poised to embark on programs that are on the cutting edge of mortgage loan financing, thanks to the creative forces behind the CalSTRS Home Loan Program. The zero-down option program is an overwhelming success and sets the trend for the future of home loan financing,” said Gary Lynes, Teachers’ Retirement Board chair. “The ultimate result will allow California to better address the need to recruit and retain teachers in the classroom.”

Freddie Mac is a stockholder-owned corporation established by Congress in 1970 to create a continuous flow of funds to mortgage lenders in support of home-ownership and rental housing. Freddie Mac purchases mortgages from lenders and packages them into securities that are sold to investors. Over the years, Freddie Mac has opened doors for one in six homebuyers in America.

“Becoming the first pension fund to achieve Freddie Mac Seller/Servicer status will help to magnify CalSTRS’s capacity to help more California communities attract teachers to their schools and overcome high housing costs,” said Dwight Robinson, Freddie Mac’s senior vice president of corporate relations. “The determination and ingenuity CalSTRS is applying to California’s teacher housing shortage is a model for other communities looking for responsible ways to create affordable homeownership opportunities.”

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## Lender List

Bank of America

Northern Cal: 650-858-6004

Southern Cal: 888-723-7430 x8472

CALFED: 800-CALFED-7 (225-3337)

Countrywide Home Loans: 800-877-5626

\*CUNA Mortgage Corp: 800-576-3577

\*First Mortgage Corp: 877-595-1998

\*North American Mortgage Company:  
800-700-6262

Wells Fargo Home Mortgage: 909-680-3685

\*Zero-Down Preferred Lender

# www.calstrs.ca.gov *Site Map*

## About CalSTRS

- TRB Meeting Agendas
  - 2001 TRB Meeting Calendar
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- Vision and Philosophy Statement
- Teachers' Retirement Board
- Executive Staff
- Funding & Benefits History
- Investment Portfolio

## Benefits & Programs

### Defined Benefit Program

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- Retirement Benefits Calculator
- Nonqualified Service Credit Purch. Est.
- DB Forms for Members
- Planning for Your Retirement
- Disability Benefits
- Financial Education Program
- Regional Counseling Services
- Glossary
- Membership Profile
- How to Read your 1099R
- DB Employers Secure Area
- CalSTRS Teletalk

### Cash Balance Benefit Program

- CB History
- CB Employer's Information
- CB Employee's Information
- CB Summary
- CB FAQ's
- Contact CB

### CalSTRS Home Loan Program

- Program History
- Program Summary
- Approved Lenders
- Interest Rates
- Program FAQ's

### CalSTRS 403(b) Program

- Program Features
- Investment Options
- Self Managed Account Information
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- Contact 403(b)

## CalSTRS Medicare Benefits Program

- Program History
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- Related Sites

## Defined Benefit Supplement Program

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- Program Summary
- FAQs
- Contact DBS

## Governmental Affairs

- 2001–2002 State Legislative Session
- Past State Legislative Session
- Federal Issues
- Who's Your Senator?
- Who's Your Assembly Member?
- CA Legislative Counsel

## Publications

### Related Sites

- CA State Department Web Sites
- Lists of County Offices of Ed. & School Dist.
- List of School Web Sites
- Other Government Web Sites
- Other State Retirement Systems

## CalSTRS Forms Online

### Technical Area

- Download Netscape
- Download Internet Explorer
- Download Real Player G2
- Download Adobe Acrobat Reader

## What's New?

## CA Home Page

### Contact CalSTRS

- CalSTRS Info Now
- Feedback Form
- Contact Public Service Office



# Web Site Tips



## To Find



## Click On

**General Information on Member Retirement and How to Get Started**

*Benefits and Programs* button on the left column  
*Defined Benefit Program*  
*Planning Your Retirement*

**View or Print Booklets**

*Publications* button on the left column

**Cash Balance Benefit Program**

*Benefits and Programs* button on the left column  
*Cash Balance Benefit Program*

**Defined Benefit Supplement Program**

*Benefits and Programs* button on the left column  
*Defined Benefit Supplement Program*

You can choose among:

*DBS History*  
*DBS Program Summary*  
*DBS Frequently Asked Questions*  
*Contact DBS*

**Send an Email or Information Request to CalSTRS**

*Contact CalSTRS* button on the left column  
 Stroll down and click on *click here to send your request online*

**How to Print DB Refund Forms**

*CalSTRS Forms* button on the left column



## To View Forms

You will need Adobe Acrobat Reader software installed on your computer to review and print CalSTRS forms and publications. In a few seconds, you can download a free edition of Acrobat Reader from the Adobe Web site.

To do this, you can transfer directly from CalSTRS to the Adobe Web site. At the CalSTRS Home Page, click on Technical Area, then scroll down to the Download Acrobat Reader button and click. On the Adobe Web site, scroll down and click on Get Acrobat Reader for Free and follow the prompts.



## To Search

### Try CalSTRS Quick Nav

Use pull down menu in lower left to click on one of 19 subjects and go right to that section

### Try Search

Type in a keyword in the Search window on the lower left of the home page to go right to that subject area.

# Proposed Bills Moving Through Legislature

Each year, legislation is introduced that would, if enacted affect the benefits of members who retire in the future or the administration of CalSTRS. Those proposed bills are summarized below. Legislation may be approved by the Legislature as late as September 14, 2001 and approved by the Governor as late as October 14, 2001.

Unless stated otherwise, new benefit changes take effect on January 1, 2002 and would apply only to members who retire after the legislation's effective date.

## **Proposals Under Consideration**

### **AB 135 (Havice)**

Increases the purchasing power protection program from its current 75 percent to 80 percent.

### **AB 649 (Negrete McLeod)**

Requires community college districts to offer part-time employees coverage under Social Security or an alternative retirement plan, which could include the Cash Balance Benefit Program.

### **SB 334 (Ortiz)**

Increases benefits paid to members who retire for service, reinstate under CalSTRS-covered employment and perform at least two years of credited service and then re-retire. The two years of credited service can be accrued at any time as long as the member re-retires after the day the Governor signs the bill into law.

### **SB 499 (Soto)**

Increases loan limits for the CalSTRS Home Loan Program; eliminates the January 1, 2001 sunset for eligibility of dependent children for Coverage A family allowance, and authorizes purchase of Cash Balance Benefit Program

participation as Defined Benefit Program service credit.

## **Proposals Held in Committee**

### **AB 607, SB 191 and SB 461**

have been "held in committee," which means they are not moving forward through the legislative process at this time. The Legislature would need to take special action for these provisions to be considered this calendar year.

### **AB 607 (Negrete McLeod)**

Eliminates the current 2.4 percent limit in the combined age factor and career factor paid to members with 30 or more years of credited service who retire on or after January 1, 2002.

### **SB 191 (Karnette)**

Requires CalSTRS to make annual payments to active member Defined Benefit Supplement accounts from 2002 through 2011. Requires CalSTRS to pay the Medicare Part B premiums for DB members who are at least age 55 as of January 1, 2002.

### **SB 461 (Torlakson)**

Creates Catastrophic Prescription Drug Insurance Program to provide high deductible coverage for prescription drugs to retired



members with unspecified minimum levels of credited service.

## **Awaiting Governor's Signature**

### **SB 165 (O'Connell)**

Permits a member of CalPERS who becomes employed in a position covered by CalSTRS to elect to be excluded from CalSTRS and retain membership in CalPERS.

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*Statutory changes are made from time to time that affect CalSTRS benefits and that may affect any decisions you make in relation to those benefits. These changes are made by the California Legislature and the Governor. Although CalSTRS makes every effort to keep its members informed about changes in its benefit structure, it cannot safely predict what the Legislature and Governor may do that might be of interest to you. For this reason, you should keep yourself informed about possible benefit changes by consulting the CalSTRS Web site ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)), the CalSTRS Public Service Office (1-800-228-5453), CalSTRS retirement counselors, your union representative (if applicable), your legislative representative and any other source that you believe may be helpful to you before you make any final decision. You are ultimately responsible for any decision you make in regard to your CalSTRS benefits.*

## Bills *continued from page 10*

### Enacted Legislation

#### Assembly Joint Resolution 3, Leonard (Resolution Chapter 66)

Requests that Congress repeal the Government Pension Offset and the Windfall Elimination Provision on Social Security benefits.

### CEO *continued from page 2*

opinions and advice were often integral to key actions taken by the board.



**Lillian Raffel**, a former school board member and college instructor, served as vice-chair since November 1997.

Her education and background in nursing helped the board assess a possible role in health care delivery.



**Yvonne Gallegos Bodle**, a community college instructor, served the last three years as chair of the

Benefits and Services Committee. She took great pride in improving the delivery of services to CalSTRS members and encouraged staff to strive for excellence.

I want to give my personal thanks to the three departing board members for their hundreds of hours of labor over many years supporting the interests and needs of CalSTRS.

## Logo Registered for Protection



A logo is the public face of a business or organization. On printed materials, a logo acts as a shortcut in identifying the source of the information.

If you can trust the entity the logo represents, you can trust the information. Therefore, it's important to maintain the integrity of the CalSTRS logo. To help, CalSTRS has legally protected it by registering the logo with the U. S. Patent and Trademark Office.

Registration of the logo was necessary because some private companies have designed logos remarkably similar CalSTRS'. These parties seek to gain commercially by

offering products or services that appear to be CalSTRS related.

Legal registration of the logo may help slow down misleading practices by some commercial entities. If someone uses the logo without permission, that would constitute an infringement of the registration. CalSTRS could sue for damages or bar that party from acting without permission.

If you have any doubts about whether or not you are dealing with a CalSTRS staff person or the materials you receive are from CalSTRS, call the Public Service Office at 800-228-5453.

### Key to successful retirement—plan and invest early in your career



**Voluntary Investment Program**, CalSTRS' 403(b) program, offers:

- ◆ tax-deferred savings
- ◆ low fees
- ◆ four investment choices (including a self-managed account)

Use **Quick NAV** at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) or call 800-699-4032 to order an information packet

# Future Retired Members Will Get Medicare Payment Program

The Teachers' Retirement Board recently voted to extend the payment of Medicare Part A (hospitalization) premiums to those CalSTRS members who retired between January 1, 2001, and December 31, 2005. The initial legislation specified only those members who retired before 2001 would be eligible, although the board could expand the coverage if funds were available.

## District Medicare Election a Must

To be eligible for this extended coverage, the member who retires between 2001 and 2006 and is not otherwise eligible for Medicare Part A without paying a premium must meet certain requirements regarding his or her district's Medicare election.

Those requirements are the member must have retired from a district that has conducted or is in the process of conducting the Medicare election by the time the member retires. In addition, if the election was held after 2000 and if the member was under age 58 at the time of election, she or he had to elect to be covered by Medicare to be eligible for the CalSTRS Medicare Payment Program.

The actual Medicare "election" is a 10-day period in which individual employees can decide to



**For members who retire between  
January 1, 2001, and December 31, 2005.**

participate in Medicare and, thus, begin to pay the payroll tax.

Approximately 300 California school districts have not initiated the election process at this time. If you have questions about your district's actions regarding a Medicare division, contact your district directly.

## Not Yet 65 at Retirement?

Retired members who have not yet reached age 65 are still able to have CalSTRS pay the Part A premiums once they turn age 65. About three months before their 65<sup>th</sup> birthday, CalSTRS will send an

information and enrollment packet to those retired members. The packet will have complete details on how to authorize CalSTRS to pay the premium and how to enroll in Medicare.

## Want More Information?

To learn more about the CalSTRS health benefits program, log onto the CalSTRS web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov), click on Benefits & Programs and then on Medicare Benefits Program.



# Your CalSTRS Benefit Can Be Affected by Divorce

**D**uring your teaching career, you accumulate assets with CalSTRS toward your Defined Benefit Program retirement or other benefits, including the Defined Benefit Supplement Program. In California, your CalSTRS funds and benefits are considered to be community property and may be affected if you obtain a divorce or legal separation while you are teaching, or even after you retire. You may want to learn about your rights, the legal process and the ways your benefits can change before legal action takes place.

## Your First Steps

**1.** If you are considering divorce or legal separation, you need to determine the current amount of your CalSTRS contributions and service credit. To do so:

- You may request specific information from CalSTRS regarding your member account by submitting a signed written request.
- A former spouse may request account information by providing written authorization signed by the member or through a Subpoena Duces Tecum.

**2.** You must make CalSTRS a party to your legal action. To do so, you must file the proper documents, called joinder documents, in order for CalSTRS to comply with court orders produced by your legal action. Joinder documents are available at your local courthouse.

## Two Methods of Determining Community Property

The Teachers' Retirement Law provides two methods of division for the community property interest of a member's account.

The time rule formula is available for those non-members who wish to receive the community property interest as a percentage of the member's retirement allowance when the member retires.

### TIME RULE FORMULA

**Service credit** earned during the community period  
÷ **total years of member service credit** at the  
time of retirement × **50 percent** × **benefit**  
= **FORMER SPOUSE'S SHARE**

**CalSTRS recommends you consult an attorney regarding any community property interest that may be due your former spouse.**

The segregation method is the second method of dividing community property. The segregation method is available only to members not yet receiving a benefit. The segregation method allows, per court order, for the service credit, member contributions and interest in the member account to be segregated in two separate and distinct accounts in the name of the member and the former spouse. The former spouse then acquires specific rights under CalSTRS. Your service credit and member account are reduced by the amounts credited to your former spouse. However, the amount credited to your former spouse still counts toward your qualification for the one year final compensation, career factor and longevity bonus. (You may redeposit funds to repurchase some or all of the service credit transferred to your former spouse if your former spouse has withdrawn these accumulated contributions.)

## Community Property Booklet Available

*Community Property Information*, PAO 211, contains details regarding the legal process:

- how your CalSTRS retirement and other benefits, such as survivor benefits, can be affected
- sample forms
- a glossary of terms

You can view this booklet on the CalSTRS Web site, [www.calstrs.ca.gov](http://www.calstrs.ca.gov), in the Publications section.

Also, you can obtain a copy by calling the CalSTRS automated telephone system at 800-228-5453 and selecting the forms ordering option.



## You Can Help With California's Energy Challenge

*The energy challenge facing California is real.*

Turn up your thermostat to 78 degrees when you are home and 85 degrees or off when you are away.

### USE YOUR APPLIANCES WISELY:

- Turn off appliances, lights and equipment when not in use.
- To help prevent electricity outages, run major appliances after 7 p.m.
- Do your laundry efficiently by using the warm or cold water setting for washing your clothes and *always* use cold water to rinse clothes.
- Conserve energy by running your dishwasher only when it is fully loaded, and turn off the dry cycle to allow dishes to air dry instead.

### INEXPENSIVE ENERGY SOLUTIONS:

- Choose **Energy Star**® products. Purchase compact fluorescent light bulbs. They use a quarter of the energy and last five to ten times longer than conventional light bulbs.
- Replace air conditioner filters. Dirty filters restrict airflow and can cause the system to run longer, increasing energy use. Replace or clean filters monthly for maximum benefit.

### Energy Efficiency and Conservation Programs

**20/20 Energy Rebate:** In many areas of California, residential, commercial and industrial customers are eligible for this voluntary program which will provide rebates to customers who reduce their summer 2001 electricity usage. *Customers should call their local utility to inquire about eligibility.* Customers of participating utilities will receive a 20 percent rebate on their summer electric bill if they cut back their electricity use by 20 percent over last summer's level. Alternative energy households are not eligible.

#### PG&E Web site and 800 number

[http://www.pge.com/003\\_save\\_energy/003a\\_res/index.shtml](http://www.pge.com/003_save_energy/003a_res/index.shtml);

1-800-933-9555 (residential customers)

1-800-468-4743 (commercial, industrial customers)

#### SCE Web site and 800 number

[http://www.sce.com/002\\_save\\_energy/](http://www.sce.com/002_save_energy/)

1-800-736-4777

#### SDG&E Web site and 800 number

<http://www.sdge.com/efficiency/index.html>

1-800-411-7343

CHECK OUT [WWW.FLEXYOURPOWER.CA.GOV](http://WWW.FLEXYOURPOWER.CA.GOV)  
FOR MORE INFORMATION AND WAYS TO SAVE MONEY.

# BULLETIN BOARD

## Defined Benefit Supplement Program Information on Web Site

Questions about the new Defined Benefit Supplement Program? See the DBS Program section recently added to the CalSTRS Web site. It provides detailed information and answers to many frequently asked questions.

Log on to the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) and click on:

- Programs & Benefits
- Defined Benefit Supplement

You can print a copy of any of the Web site information directly from your computer. Or you can call CalSTRS at 800-228-5453 and request a copy of the *DBS Questions and Answers* from the automated forms feature by choosing option 3 from the CalSTRS main telephone menu.

## CalSTRS Again Receives PPCC Award

For the third time, CalSTRS has met the rigorous requirements for the Public Pension Coordinating Council Achievement Award. This award, given every two years, promotes high professional standards for public employee retirement systems and commends the systems that meet those standards. Only 27 public retirement systems in the United States qualified for the 2000 award.

Each system must document compliance with 18 specific principles in the areas of benefits, actuarial valuations, financial reporting, investing and disclosure to members. These principles are widely acknowledged to be marks of excellence. Systems that adhere to these standards are commended for taking the steps necessary to ensure exemplary management of their systems.



### CalSTRS Vision Statement

CalSTRS is committed to lifetime security and service that meets the changing needs of California's educators.

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Aileen Adams, Secretary, State and Consumer Services Agency

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Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law and not on this publication.

The *Bulletin* is published twice a year for active and inactive members of the Defined Benefit Program and participants in the Cash Balance Benefit Program of the California State Teachers' Retirement System. Comments or suggestions may be directed to: Editor, Public Affairs, MS #34, P.O. Box 15275, Sacramento CA 95851



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### Write CalSTRS at:

California State Teachers'  
Retirement System  
P.O. Box 15275  
Sacramento CA, 95851-0275

### Call CalSTRS Public Service Office:

800-228-5453  
916-229-3870  
916-229-3541 for TTY for hearing  
impaired person.

### Browse CalSTRS Web site at:

[www.calstrs.ca.gov](http://www.calstrs.ca.gov)

When contacting CalSTRS, be sure to  
include your Social Security number.

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